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C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 002660

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [ETRD](#) [EFIN](#) [MARR](#) [SENV](#) [CH](#) [KN](#) [IR](#)  
AF, PK  
SUBJECT: AMBASSADOR BADER AND FM YANG DISCUSS THE  
PRESIDENT'S CHINA TRIP, TRADE FRICTION, TAIWAN, IRAN, AF/PAK

Classified By: Political Minister Counselor Aubrey Carlson.  
Reasons 1.4 (b), (d).

11. (C) Summary: In a September 15 meeting with NSC Senior Director for Asian Affairs Ambassador Jeffrey Bader, Foreign Minister Yang was upbeat on the overall trend in U.S.-China relations. Ambassador Bader outlined his expectations for the planned November travel of President Obama to China, offering suggestions for themes that could underscore the importance of U.S.-China cooperation, including energy and the environment, regional security challenges, economic coordination, and deepening mil-mil exchanges. He stressed that there would be a human rights component to the trip. In response, Yang expressed China's hopes for outcomes of the trip, including the need to proceed from "a strategic height," demonstrate shared views on common interests, and develop "positive policy guidelines" on how to improve strategic mutual trust and cooperation on key issues. Yang said that the visit must show substantive results on issues such as trade and economic relations, counter-terrorism efforts and law enforcement, mil-mil relations, nonproliferation, energy, climate change and people-to-people exchanges. The two sides should use the visit to strengthen coordination on economic policies and send strong signals on the economy and could use the visit as an opportunity for an in-depth exchange of views on regional security concerns and global issues. Yang sought positive, public comments from the United States on Beijing's handling of cross-Straits relations. China does not want to see the latest round of trade measures become a pattern, and the recent trade friction was "not China's choice." Yang urged the U.S. to "guard against disruptive factors" ahead of President Obama's visit and "prudently" handle issues related to Taiwan, Tibet, East Turkestan, trade and economic disputes, maritime issues, military and security matters, and human rights and religious issues. Yang pulled Bader aside afterward to make a special plea for care in handling the Tibet issue and meetings with the Dalai Lama. End summary.

12. (C) In a September 15 meeting with Foreign Minister Yang Jiechi, NSC Senior Director Ambassador Jeffrey Bader reviewed recent developments in U.S.-China relations and raised ideas for how the two sides should approach the upcoming visit to China by President Obama. Bader stressed the high degree of importance the President attached to U.S.-China relations and the importance of the visit for advancing our shared interests in the global economy, security and energy.

Stressing U.S.-China Cooperation in President's Visit  
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13. (C) On outcomes of the President's trip to China, Ambassador Bader outlined themes for the two sides to focus on to underscore the importance of U.S.-China cooperation on key issues. He said that cooperation on clean energy and environmental issues could be a central theme to emerge from

the visit, and that the U.S. side hoped for a positive message on climate change given the Copenhagen conference will follow a month later. Bader noted that the P5-plus-1 efforts to deal with the Iranian nuclear issue will move forward next month and likely face many challenges, particularly given the disappointing Iranian letter. We will need to maintain and P5-plus-1 unity and remain committed to the dual-track approach. Iran, he stressed, would be a topic for discussion between the leaders, possibly to include additional UN Security Council action if talks stall. Bader described cooperation on North Korea as a success story for U.S.-China cooperation on a crucial regional security concern. Arms control and nonproliferation are also crucial areas for U.S.-China cooperation, Ambassador Bader said; practical cooperation on concrete issues such as CTBT ratification should be explored as a possible component of the trip. Military cooperation should also be on the agenda for the President's visit, Bader said, noting that despite the challenges the military relationship had faced in the past, incremental measures could be taken to create an upward trend; the point would be to send the message that military-military relations were both steady and durable. Ambassador Bader also stressed the importance of the upcoming G-20 summit in Pittsburgh as an opportunity for Presidents Obama and Hu to look toward the next stage of economic recovery, discuss ideas on reforming the international regulatory system, and commit to balanced growth.

#### Human Rights on the Agenda

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14. (C) Ambassador Bader stressed that the President's trip

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will include a human rights component and President Obama will expect to discuss human rights issues and rule-of-law with Chinese officials during his stay. The President will also seek to reach out directly to the Chinese people on the trip.

#### Yang Upbeat on Bilateral Relations

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15. (C) FM Yang recounted the shared vision of "building a positive, cooperative and comprehensive relationship for the 21st century" that had been reached by President Obama and Hu and noted that a strong working relationship had been established between the two heads of state. He pointed to the June round of the SnED and the recent visit to the U.S. by National People's Congress Chairman Wu Bangguo as further signs of the increasingly constructive nature of the U.S.-China relationship. He stressed the need to push forward on the many areas of common U.S.-China interest and ensure success in the upcoming New York meetings. He urged the two sides to continue to work for the recovery of the global economy, revamp international financial institutions, strengthen regulatory measures, support the Millennium Development Goals, fight protectionism and push the Doha round to a conclusion. Increasing developing countries' representation in international financial institutions was also important, Yang said.

#### China's Aspirations for President Obama's Visit

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16. (C) Turning to President Obama's planned November visit to China, FM Yang outlined his aspirations for outcomes of the "state visit." First, he suggested that the two sides approach the visit "from a strategic height" and use it to demonstrate shared views on common interests, reflecting the responsibilities of the two countries as major powers. The goal should be not only to implement the two Presidents' vision statement and strengthen mutual trust, but also to put forward "policy guidelines" on how to realize this vision. Second, Yang said that the visit must show substantive results and hoped the events would show people in both

countries the common understanding among the leadership on issues such as trade and the economy, counter-terrorism efforts and law enforcement, mil-mil, nonproliferation, energy, the environment, climate change, and person-to-person exchanges. He added that the visit could be used to announce additional visits at lower levels of government.

¶17. (C) Third, Yang noted that the global financial crisis was "still evolving" and the foundation for recovery was not yet solid. He said that the two sides should use the visit to strengthen coordination on financial and economic policies and send strong signals on the economy. Lastly, Yang added that the Presidents could use the visit as an opportunity for an in-depth exchange of views on shared security concerns. He observed that China understood U.S. hopes for more substantive results on regional security issues such as North Korea, South Asia and Iran, and that the two sides could send positive signals on global issues like climate change, nuclear nonproliferation, food security and prevention of communicable disease.

#### China Hopes to Avoid a "Pattern" of Trade Retaliation

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¶18. (C) On recent U.S.-China trade friction, FM Yang said that China had expressed its position opposing the recent U.S. decision on tire exports from China and added that the Chinese side was "very surprised" by the announcement. He stressed that the issue had potentially serious implications, and the Chinese side had shown as much flexibility as possible to reach an agreement, adding that "we have to do what we have to do." He stressed that China did not want to see the latest round of trade measures become a pattern and argued that many Chinese citizens were confused by the decision given the background of strong U.S.-China cooperation addressing the global financial crisis. He noted the Chinese belief that bilateral trade was "win-win" in nature and should continue, especially in times of economic difficulty. Yang added that the recent trade friction was "not China's choice." Ambassador Bader replied that the United States does not want to see the tire case and the Chinese response "become a pattern" and urged China to deal with similar cases that might arise in the future in a "constructive, WTO-consistent fashion."

#### PRC Seeks Positive Obama Statement on Taiwan

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¶19. (C) Yang raised Taiwan, reiterating that the issue was related to China's "core interests," and expressed hope that the United States would make positive statements on cross-Straits developments, particularly in public remarks. Yang claimed that China had shown sincerity and patience in dealing with Taiwan, behavior that "deserved" a positive comment from President Obama, adding that such a comment would receive a "huge and warm" response from the Chinese people.

#### Chinese Concerned about "Disruption" Ahead of Obama Visit

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¶10. (C) Yang stressed the importance of working to "guard against disruptive factors" ahead of President Obama's visit, stressing that the two sides should "not let a few individuals sabotage" the visit. He urged the U.S. to abide by the "solemn commitments" made to China and "prudently" handle issues related to Taiwan, Tibet, East Turkestan, trade friction, maritime security, military issues, human rights and religious issues. He called upon the U.S. to refrain from interfering in China's internal affairs. Yang reported that China had taken note of public U.S. statements on the recent violence in Xinjiang Province and asked that the U.S. side "go further" with statements condemning Rebiya Kadeer. He said that China sought dialogue rather than confrontation

on human rights issues. He emphasized his hope that there would be no "unpleasant surprises" in the run-up to the President's visit. Ambassador Bader responded that the U.S. likewise called upon China to avoid creating any incidents that could be disruptive to relations.

Iran, Af/Pak  
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¶11. (C) Responding to Ambassador Bader's concerns about the sincerity of the Iranians' counter-proposal for engagement with the P5-plus-1 and warning that the United States and China may have to consider sanctions soon, FM Yang said that China was studying the Iranian proposal and hoped the P5-plus-1 would refrain from imposing new sanctions and try to make clear through talks where Tehran's "true interests" lay. He added that China hoped for substantive dialogue between the P5-plus-1 and Iran at the proposed October 1 meeting. Yang said China continued to oppose any development of nuclear weapons by Iran. On Af/Pak, Yang reported that China was studying a proposal from the U.S. for a working-level Chinese delegation to visit the U.S. for consultations. It was the common U.S.-China aspiration that Afghanistan would have a stable government and provide better lives for its citizens. Ambassador Bader urged China to respond positively to the U.S. invitation to China to send a working-level, interagency delegation to Washington to discuss Af/Pak issues in more detail.

Tibet  
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¶12. (C) On the way out, Yang raised privately with Ambassador Bader the visit to Dharamsala by Presidential Advisor Jarrett. He said the U.S. was familiar with China's position on the Dalai Lama and urged U.S. officials to refrain from meeting him. COMMENT: Yang's demeanor and tone did not suggest he was particularly agitated over Jarrett's visit, but rather concerned that more surprises on Tibet lay ahead. END COMMENT.

¶13. (U) Ambassador Bader cleared this message.

HUNTSMAN